

grants to conduct a rigorous study of the effectiveness of each strategy relating to which an incentive is provided under paragraph (3).

(B) AMOUNT AND DURATION.—A contract, cooperative agreement, or grant under subparagraph (A) shall be for not more than \$700,000, and shall be for a period of not more than 3 years.

(C) METHODOLOGY OF STUDY.—Each study conducted under subparagraph (A) shall use a study design that is likely to produce rigorous evidence of the effectiveness of the strategy and, where feasible, measure outcomes using available administrative data, such as police arrest records, so as to minimize the costs of the study.

(c) GRANTS AUTHORIZED.—

(1) IN GENERAL.—The Director of the National Institute of Justice may make grants to public and private entities to fund the implementation and evaluation of innovative crime or delinquency prevention or intervention strategies. The purpose of grants under this subsection shall be to provide funds for all expenses related to the implementation of such a strategy and to conduct a rigorous study on the effectiveness of that strategy.

(2) GRANT DISTRIBUTION.—

(A) PERIOD.—A grant under this subsection shall be made for a period of not more than 3 years.

(B) AMOUNT.—The amount of each grant under this subsection—

(i) shall be sufficient to ensure that rigorous evaluations may be performed; and

(ii) shall not exceed \$2,000,000.

(C) EVALUATION SET-ASIDE.—

(i) IN GENERAL.—A grantee shall use not less than \$300,000 and not more than \$700,000 of the funds from a grant under this subsection for a rigorous study of the effectiveness of the strategy during the 3-year period of the grant for that strategy.

(ii) METHODOLOGY OF STUDY.—

(I) IN GENERAL.—Each study conducted under clause (i) shall use an evaluator and a study design approved by the employee of the National Institute of Justice hired or assigned under subsection (e) and, where feasible, measure outcomes using available administrative data, such as police arrest records, so as to minimize the costs of the study.

(II) CRITERIA.—The employee of the National Institute of Justice hired or assigned under subsection (e) shall approve—

(aa) an evaluator that has successfully carried out multiple studies producing rigorous evidence of effectiveness; and

(bb) a proposed study design that is likely to produce rigorous evidence of the effectiveness of the strategy.

(III) APPROVAL.—Before a grant is awarded under this subsection, the evaluator and study design of a grantee shall be approved by the employee of the National Institute of Justice hired or assigned under subsection (e).

(D) DATE OF AWARD.—Not later than 6 months after the date of receiving recommendations relating to a subcategory from the Commission under section 4(f), the Director of the National Institute of Justice shall award all grants under this subsection relating to that subcategory.

(E) TYPE OF GRANTS.—One-third of the grants made under this subsection shall be made in each subcategory. In distributing grants, the recommendations of the Commission under section 4(f) shall be considered.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$18,000,000 to carry out subsections (b) and (c).

(e) DEDICATED STAFF.—

(1) IN GENERAL.—The Director of the National Institute of Justice shall hire or as-

sign a full-time employee to oversee the contracts, cooperative agreements, and grants under this section.

(2) STUDY OVERSIGHT.—The employee of the National Institute of Justice hired or assigned under paragraph (1) shall be responsible for ensuring that recipients of a contract, cooperative agreement, or grant under this section adhere to the study design approved before the contract, cooperative agreement, or grant was entered into or awarded.

(3) LIAISON.—The employee of the National Institute of Justice hired or assigned under paragraph (1) may be used as a liaison between the Commission and the recipients of a contract, cooperative agreement, or grant under this section. The employee shall be responsible for ensuring timely cooperation with Commission requests.

(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$150,000 for each of fiscal years 2010 through 2014 to carry out this subsection.

(f) APPLICATIONS.—A public or private entity desiring a contract, cooperative agreement, or grant under this section shall submit an application at such time, in such manner, and accompanied by such information as the Director of the National Institute of Justice or other appropriate component of the Department of Justice may reasonably require.

(g) COOPERATION WITH THE COMMISSION.—A person entering into a contract or cooperative agreement or receiving a grant under this section shall cooperate with the Commission in providing the Commission with full information on the progress of the strategy being carried out with a contract, cooperative agreement, or grant under this section, including—

(1) hosting visits by the members of the Commission to the site where the activities under the strategy are being carried out;

(2) providing pertinent information on the logistics of establishing the strategy for which the contract, cooperative agreement, or grant under this section was received, including details on partnerships, selection of participants, and any efforts to publicize the strategy; and

(3) responding to any specific inquiries that may be made by the Commission.

SEC. 6. FUNDING.

Section 524(c) of title 28, United States Code, is amended by adding at the end the following:

“(12) For the first full fiscal year after the date of enactment of the PRECAUTION Act, and each fiscal year thereafter through the end of the fifth full fiscal year after such date of enactment, there is appropriated to the Attorney General from the Fund \$4,750,000 to carry out the PRECAUTION Act.”.

By Mrs. SHAHEEN:

S. 3161. A bill to establish penalties for servicers that fail to timely evaluate the applications of homeowners under home loan modification programs; to the Committee on Banking, Housing, and Urban Affairs.

Ms. SHAHEEN. Mr. President, I rise today to introduce the Mortgage Modification Reform Act, which is designed to protect homeowners and communities from big banks who fail to modify mortgages in a timely fashion.

In the past year I have heard from hundreds of families in New Hampshire who have fallen behind on their mortgages. Often, they tell me that they can no longer afford their payments be-

cause of circumstances beyond their control. A family member has been laid off or had her hours reduced. Medical bills have started piling up. Higher interest payments kicked in at just the wrong time. And since value of the average home has declined over 15 percent in New Hampshire, they now owe more on their home than it's worth.

But these families want to make it work, so they reach out to their bank or “mortgage servicer” to figure out a way to make payments they can afford. Often, when a homeowner comes to a servicer, they can work together to bring the homeowner's payments down to an affordable level. When a servicer modifies a mortgage, everybody wins: the homeowner can stay in their home; the servicer avoids the costly foreclosure process; and communities are spared from the devastating effects that foreclosures have on home values and communities.

That is why these families in New Hampshire and others across the country breathed a sigh of relief when they heard that a new program, called the Home Affordable Modification Program, or HAMP, would provide powerful incentives to servicers to work with borrowers to keep them in their homes.

We were told that HAMP would help 3-4 million homeowners stay in their homes by reducing the amount a family owes each month to 31 percent of its monthly income. The big, national servicer banks who signed up for the program would avoid the foreclosure process and receive incentive payments. Most importantly, communities would have benefitted by stemming the tide of foreclosures, which have so drastically lowered home values and the equity of millions of homeowners.

But a year into the program, it is clear that many of these big banks are unwilling or uninterested in helping people in our communities. The banks routinely lose documents and ask the borrower to send them in again, delaying the process for months at a time. They don't respond to calls and voice messages that are only returned weeks or months later—if they are returned at all. And as homeowners wait for a decision, the banks charge them late fees, which puts them even further behind. When homeowners finally receive modification offers, they often come at the last minute—just days before the borrower's home is set to be auctioned.

As a result of these abuses, instead of helping the millions of homeowners that they promised would be able to stay in their homes, servicers have offered trial modifications to less than 30 percent of eligible homeowners. The banks participating in HAMP have only provided permanent relief to only 116,000 homeowners.

We know that the servicers are capable of success in this program because some servicers have been better than others. According to the latest Servicer Performance Report from the Treasury, some servicers have helped as little as 2 percent of their eligible